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Nechako-Kitamaat
Development Fund Society

2010 – 2011
Annual Report

March 31, 2011

NKDF ANNUAL REPORT

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1. Report From The Chair

Global recession, economic downturn, financial constraints, political unrest, these are many of the terms bouncing around the world at the beginning of our fiscal year. Nevertheless, there seems to be a quiet optimism evident in all the communities in our investment region as residents worked towards a more prosperous, sustainable future. A few small examples we saw at our table are: flight trainer simulators in Vanderhoof, an energy efficiency and heating biomass study at the Stellat'en First Nation, library renovations in Fraser Lake, an artisans storefront in Burns Lake and a pager repeater system for the Southside.

The Board approved 21 new projects for a total of $547,043 in grant funding. This brings the grand total of grant approvals since the establishment of the fund in 1999 to $6,847,704. Our Board is very proud of the success rate of each of the projects and commends the many members of our communities for their tireless efforts in building our communities and the local economy.

Also, commendations must certainly be given to the past Chair of the Society, Bob Clark, whose efforts in conjunction with our Treasurer, Paul Stewart, and the Rural BC Secretariat headed by Greg Goodwin were able to make serious inroads with the BC Investment Management Corporation on the handling of our investment portfolio. It is the interest earned on this investment that provides the funds for our grant program and the wise management of this fund is of critical importance to our Board. We appreciate the extra time and effort both Bob, Paul and Greg have put into this task.

As well, for the first time a government led audit was conducted on the operations of the Society in 2010 and I am happy to report the audit was clean and provided valuable feedback to the Board. This successful audit reflects on the commitment and diligence of all the Board members, congratulations to you all.

Another highlight from this past year is the successful review of the management services provided by our Manager, Dan Boudreau which resulted in the signing of a three-year contract with Dan. We look forward to continuing our excellent working relationship with Dan.

Looking forward to the upcoming fiscal year, we will reduce our grant funding available to the investment area in order to grow the investment portfolio to a more sustainable size. This will enable NKDF to continue to put more funding back into our communities and fund more projects for the future. We also anticipate developing an evaluation framework that suits our clients and assists in maintaining our open and accountable management of the fund.

On a personal note, I enjoy working with our Board and everyone in our communities on these diverse projects. It restores my belief that we are hard working, resilient, innovative people with deep roots in our communities, I believe this is a sure recipe for success.

Original Signed by:

Rosanne Murray
Chair

2. Society Overview

2.1 Mandate

The Nechako-Kitamaat Development Fund (NKDF) Society's funding programs are designed to support sustainable economic activity in northern communities affected by the Kitimat-Kemano project and by the creation of the Nechako Reservoir. The NKDF Society spends the income from its long-term investments on programs and projects that meet each community's goals for economic development and community stability.

2.2 Background of the Fund

In 1997, the Government of British Columbia and Alcan Aluminum Limited each contributed $7.5 million to create the BC-Alcan Northern Development Fund. This BC-Alcan Agreement settled the legal issues between Alcan Aluminum Limited and the BC Government that arose from cancellation of the Kemano Completion Project. In January 1998 an advisory Board for the Northern Development Fund was formed. Its job was to advise the government on how the Fund should be run to stimulate economic growth. In April 1998, the legislature passed Bill 5, the "BC-Alcan Northern Development Fund Act."

Enabled by this Act, and by the recommendations of the advisory Board, the NKDF Society was incorporated on August 18, 1999. The Minister of Jobs, Tourism and Innovation appoints Board members to represent the communities of the Nechako-Kitamaat area.

2.3 Investment Area

The investment area for the NKDF is normally limited to those communities with evidence of impacts from Alcan's Nechako Reservoir and Kemano power project. We encourage applications from local governments and legally incorporated non-profit organizations serving the following communities:

District of Vanderhoof	Nadleh Whut'en Band	Burns Lake Band
Fort Fraser	Kitamaat Village	Nee Tahi Buhn Band
Village of Fraser Lake	Stellat'en First Nation	Skin Tyee Band
Village of Burns Lake	Saik'uz First Nation	Cheslatta Carrier Nation
Ootsa Lake		

Applications may be accepted from other areas of Northwestern BC, provided the listed communities receive direct economic benefits from the project and demonstrate their support for the project.

2.4 Guiding Principles of the Fund

COMMUNITY ECONOMIC DEVELOPMENT	The NKDF will invest in community economic development projects and/or programs that are supported by the community, as long as they do not subsidize private business.
JOB CREATION & ENHANCEMENT	Creating new jobs and enhancing existing jobs are priorities of the NKDF.
SUSTAINABLE EMPLOYMENT	A priority of the Fund will be to support long term employment - both full time and seasonal.
COMMUNITY INTERRELATIONSHIPS	The Fund recognizes the value of interrelationships between communities. Consideration will be given to proposals from outside the Nechako Region and Kitamaat Village if they demonstrate a benefit to those areas.
CLEAR AND ACCESSIBLE	The Fund will have policies and programs that are accessible with clearly defined evaluation criteria.
FIRST NATIONS' PARTICIPATION	First Nations' participation in the Fund will not prejudice the First Nation land claim process.
LOCAL CONTROL	The majority of NKDF Directors will reside in the investment area. The Board will determine the ongoing management of the Fund consistent with provincial government policy.
BENEFITTING FUND	The Fund is intended to create benefits through sustainable community economic development. It is not intended to be compensation for those who believe themselves to have been negatively affected by the Kitimat-Kemano Project, the creation of the Nechako Reservoir or the cancellation of the Kemano Completion Project.
COOPERATIVE VENTURES	The Fund can be utilized in cooperative ventures along with other funding sources.
NO DUPLICATION	The Fund will not duplicate but may augment existing economic development programs.

Of the original $15 million, $5 million was provided to NKDF to be used as a working fund to invest in grant programs. The remaining $10 million of the original $15 million was placed into a legacy fund with the goal of investing and growing the fund to $15 million, and the income from the legacy fund to be used to finance NKDF grant programs into the future.

Fund investments are managed by the provincial government, through the British Columbia Investment Management Corporation, a provincial Crown Corporation. Monies of the Northern Development Fund—to be used in support of the programs of the NKDF Society—are in investment vehicles which are generally conservative but which also provide some opportunities for growth.

2.5 Society Management

The NKDF Society is governed by a northern-based Board of government appointees who live in the investment area and represent a range of interests. Board seats during the past year were held by:

- Justus Benckhuysen, Rio Tinto Alcan Inc.
- Bob Clark, Vanderhoof
- Keith Federink, Vanderhoof
- Ray Gerow, Prince George
- Harvey Grant, Kitamaat Village
- Rosanne Murray, Burns Lake
- Mike Robertson, Southside
- Tracey Ross, Kitamaat Village
- Paul Stewart, Vanderhoof (Chair)

Management services are provided through a contract with Dan Boudreau dba Macrolink Action Plans Inc., based in Prince George, British Columbia.

2.6 Government Relations

Since the Society's incorporation in 1999, the provincial government has transferred $6.8 million from the Northern Development Fund to the NKDF Society for its operations and programs. The balance of the original $15 million remains under the control of the BC Investment Management Corporation. (See financial statements for detailed balances of the Society's accounts.)

The NKDF Board of Directors reports to the Minister of Jobs, Tourism and Innovation. The Minister is responsible for approving the Society's annual business plan and for appointing all Society Directors. This reporting relationship ensures that the Society's actions are in line with current provincial government priorities and direction.

In addition to the Society's relationship with the province, and in order to coordinate work on projects of mutual interest, the Society also has relationships with federal government ministries and agencies such as Service Canada, Western Economic Diversification and Indian and Northern Affairs.

3. Goals and Achievements

This section includes information from the formal evaluation form completed by Society Directors at the end of each fiscal year, where criteria are judged on a score of 1 to 4, with 1 being poor, 2 being fair, 3 being good and 4 being excellent. The goal is to achieve scores of good to excellent, and to develop strategies to improve in areas that scored fair or poor.

3.1 Operations

Board Operations

There were three regular Board meetings this year and three conference calls. One meeting was held in Smithers, one was in Burns Lake, and the other in Fraser Lake.

In the annual evaluation, Directors rated most aspects of the operations as good to excellent.

While it was generally felt that conference calls are the most effective way to conduct business during the winter months, some Directors expressed a desire to keep the calls efficient by focussing only on the necessary business functions. Overall, the Director participation was rated as good to excellent.

Directors were satisfied with the frequency of Board meetings and with the decision making process. Directors believe that the Board meetings provide an effective forum for healthy and open discussion and that the consensus method is working well for decision making. The Society benefits from a mix of Directors with various background experience and interests, and who work well together for the economic benefit of all communities in the investment area.

The Directors will focus on three main areas for the upcoming year:

1. Creating a framework for ongoing evaluation of NKDF and programs.
2. Make time to tour past projects while meeting in each of the communities.
3. Practicing fiscal restraint in order to achieve Northern Development Fund legacy targets.

Management Services

In the annual evaluation, Directors rated the Management Services as good to excellent. Directors are pleased with the flow of information, the quality of service for applicants and clients, and the continuing increase of the NKDF profile in the communities across the investment area.

The Manager has been effective at providing information prior to Board meetings and keeping Directors informed between meetings. Applicants are well prepared by the Manager, which means they understand the NKDF requirements and criteria, which helps them to provide the information needed to enable Directors to make informed decisions.

The Manager will focus on three main areas for the upcoming year:

1. Getting NKDF message out to more people in the investment area.
2. Continue to streamline the amount of information that flows to Directors between and during Board meetings.
3. Preparing Directors to receive the Board packages digitally.

3.3 Programs

Community Grant Program

The Society received a total of 27 new applications during the year and approved 21, totalling $547,043 for the entire investment area for the 2010-2011 fiscal.

This year the majority of Directors rated the Community Grant Program as good to excellent. In light of discussion on developing an evaluation framework, and after a clean audit conducted by the Ministry of Finance, Director's are confident that NKDF funds are being allocated effectively across the catchment area. The grants are for valuable projects that generate economic benefits for the communities and residents throughout the investment area.

This year, the Board of Directors collaborated with RuralBC Secretariat, Ministry of Finance and BC Investment Management Corporation (BCIMC) staff to lay the groundwork to transfer the majority of the Northern Development Fund assets into investments that yield higher returns, but which are still safe. Directors are confident that this shift will assure a healthy, growing legacy fund and increased availability of grant funds for the Nechako and Kitkanlast regions.

For the upcoming year, Directors and the Manager will continue to promote the programs and work to increase the uptake in the smaller communities. Directors agree that NKDF Society is benefiting from the increased recognition in the local media across the investment area.

The Directors focus on safeguarding the fund by making informed decisions that maintain the highest value to government, business people and communities throughout northern British Columbia. Throughout the year the Manager and Directors encourage and welcome feedback from all stakeholders.

With regard to programs, the Directors and Manager will focus on three main areas for the upcoming year:

1. Educating Nechako and Kitkanlast residents about NKDF and its programs.
2. Focusing on projects that fit the NKDF mandate and criteria.
3. Investigating the potential for establishing a loans program.

*Detailed descriptions of all 2010-2011 approved projects are in section 4.

Community Legacy Fund Program

The Community Legacy was established in 1998, when $10 million of the Society's funds were invested to grow and to perpetuate NKDF programs into the future. The Community Legacy Fund is currently held at the BC Investment Management Corporation and the fair market value at March 31, 2011 is $14,785,387.

Business Loan Program

The Business Loan Program was cancelled as a result of the government-led performance review in 2003. The review ruled that the program creates a business subsidy, and is therefore contrary to government policy. The last outstanding loan was paid in full during the 2007-2008 fiscal, bringing the loans program to a close.

4. Grants Program Details

The Society approved $947,340 in new grants this year, bringing the total approved funding to $5,847,714 since inception. The following table shows grant proposal statistics for this year and all prior years since the inception of the fund.

Year	Proposals Received	Proposals Approved	Proposals Not Approved	Total $ Committed	Total $ Paid
2010-2011	27	21	6	$947,340	$363,515
2009-2010	27	20	7	$727,998	$317,207
2008-2009	23	17	6	$711,026	$564,659
2007-2008	34	26	8	$735,517	$445,000
2006-2007	24	17	7	$609,699	$1,171,340
2005-2006	24	19	5	$823,189	$369,191
2004-2005	34	30	4	$368,859	$316,859
2003-2004	46	31	14	$1,172,097	$484,779
2002-2003	9	7	1	$94,196	$234,994
2001-2002	20	11	9	$316,091	$249,938
2000-2001	13	8	7	$137,934	$149,934
1999-2000	8	5	3	$48,021	$25,000
Total	277	203	77	$5,847,709	$4,449,265

The following table summarizes proposals not approved during this fiscal year.

Project	Date	Requested	Reason for decline
Seniors Housing[1]	14-May-10	$150,000	Not enough information.
Ball Field Restoration[1]	27-Jul-10	$60,048	Not enough information.
Purchase of Road Grader	07-Oct-10	$110,000	Not accredited for heavy equipment training.
Energy Efficiency / Heating Bio-Mass[1]	27-Jan-10	$58,694	Weak link to economic development.
Community Heating Bio-Energy Pilot[1]	27-Jan-10	$23,975	Weak link to economic development.
Agriculture Feasibility & Market Development	17-Feb-10	$37,909	No clear benefits to the communities within the NRDP catchment area.

[1] The high rate of approved projects is due in large part to the fact that all project concepts are pre-screened to ensure they fit the NRDP mandate prior to accepting applications.

This table summarizes the grant projects approved or under contract during the 2010-2011 fiscal year. Summaries are included for each of the approved projects in the following table.

Recipient	Project	Approved	Approved	Status
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hamilton & Crestview Rd Junction Imprv.	Resurface/signal	$1,500,000	Q1 '19	Ongoing
Village of Bayou Lake	Bike Sharing Pilot	$125,000	Q2 '19	Ongoing
Village of Bayou Lake — Exhibit	Arena upgrades	$2,400,000	2018	Ongoing
Village of Fraser Lake	Southside Development	$7,200,000	2021	Complete

6. Project Descriptions Sorted by Location (East to West)

6.1 Upper Mount Progress

Flight Training Simulators — $16,000

Foothills of New Caledonia

The Foothills of New Caledonia (FNC) is establishing an in-valley Business Science program to train pilots for employment and partnership in common transport or charter operations. FNC has established an ATC with simulators in Fraser Valley, and will provide the curriculum and another ATC with Guardian technicians to provide the air and ground flight training. The application is for funding assistance for the purchase of two Level 5 Flight Simulators to train the training students for employment in common transport or charter applications. The aim of the Aviation Academy Science Program is to provide work flight and academic training.

Arterial Lighting & Renovation — $15,000

District of Sandalwood

The District of Sandalwood is increasing the economic stability and quality of life for the community by installing street lighting and a navigation system that will allow for all new arrivals in the district. DOSD provided with funding for an engineering report for the commercial district in 2008, and subsequently with funding for upgrading of Phases 1A-1C in 2009 recommended in the Project. The project was recommended by Hatch in Electrical Project in the 2008 development. The funding partnership includes DOSD, Hatch in consultancy services, a Transportation and Infrastructure, Northern Development Ministry, and the Local Program.

Parkland Spray Park — $17,000

District of Sandalwood

The District of Sandalwood was approved for funding to assist with purchase and installation of a new spray park at Parkland Park. The project involved bringing in high quality materials and interactive water features to replace the current spray park which is 40 years old, outdated and underperforming, becoming costly to maintain as sufficient water management system and no safety hazard to the current spray. During warmer months they through increase the spray park is frequented by families, school athletes, programmers and visitors to the community. Improvement of the existing facility to make the community a safer place to live, work and play as well as help District of Sandalwood to secure and retain professionals and businesses.

[illegible] [illegible] [illegible] [illegible]

[illegible] [illegible]

[illegible] [illegible]

[illegible] [illegible] [illegible] [

[illegible]

[illegible]

[illegible]

signage, purchase and installation of gates, purchase of a water container, purchase and installation of new bleachers, and purchase of a ground conditioner.

Legion Kitchen Renovation — $17,000

Regional District of Bulkley Nechako

The Royal Canadian Legion Branch #274 intends to install an updated kitchen to comply with health and safety standards. The kitchen is utilized to provide seniors daily lunches, for events such as Seniors Christmas luncheon and pancake breakfasts, and for community rentals. The proposed work includes: installing venting and fire suppression systems, installing 3-phase power and electrical needs, new cabinets and storage system, and purchasing and installing equipment such as: Charbroiler, deep fryers, range/griddle, and convection ovens. The construction will be managed by the Legion Board members.

Heating Bio-Mass — $54,664

Stellat'en First Nation

This project is comprised of completing a technical, environmental and economic feasibility analysis of energy efficiency upgrades and two biomass district heating systems for the Stellat'en First Nation community. The 1st part of the project includes completion of building energy audits for 5 key community buildings to identify and implement energy efficiency improvements in Stellat'en in order to reduce annual fuel costs and GHG emissions associated with the buildings. The 2nd part of the project includes implementing two outdoor wood biomass district heating system clusters to supply heat to five Stellat'en community buildings.

Wind Energy Evaluation — $54,000

Stellat'en First Nation

Beginning with a strategic planning session in 2007 and subsequent meetings, the Stellat'en First Nation community has selected Wind Energy as a top economic development priority. Stellat'en First Nation wishes to complete a detailed wind resource evaluation to determine whether a wind energy operation might be feasible in the area. The resource assessment will be contracted to a technical expert in wind analysis. This project includes five steps to complete an analysis of the wind resource on the Stellat'en First Nation territory and a scoping study of financing and partnership models for project development. The Stellat'en First Nation will work with The Pembina Institute to implement the project. This project is funded in partnership by WCDF, Stellat'en First Nation, and INAC.

Southside Development — $40,000

Village of Fraser Lake

The Village of Fraser Lake has been planning for some time to develop a 30-acre property on the south side of Highway 16. The purpose is to provide serviced commercial-industrial land, currently lacking in the area, ready for sale to potential entrepreneurs. The shortage is made even more severe by a lack of commercial/industrial property within the surrounding communities, and by the restrictions of the Agricultural Land Reserve. This project is a partnership between the Village of Fraser Lake, Province of British Columbia, and Northern Development Trust initiative.

5.3 Burns Lake / Southside Projects

Electronic Signs **$10,000**

Burns Lake & District Chamber of Commerce

The Burns Lake Beautification Committee will replace the older, well-used banner with a new electronic sign to communicate with locals and visitors to the area. The electronic sign will display advertising for commercial and non-profit chamber members and non-members.

Finishing the Vision **$13,963**

Burns Lake Mountain Bike Association

This project first came to NKDF in November 2005 and was approved for $3,360 to assist with the completion of the planning and assessment. That part of the project was completed in May 2006, with the help of the International Mountain Bicycling Assn. (IMBA). In August 2006, Burns Lake Mountain Bike Association was incorporated as a non-profit. Through a remarkable mixture of funding, volunteer time, donated labour, equipment, materials and supplies, public recognition and political will, the stakeholders have completed Phase I of the project, and were funded a second grant in the amount of $50,000 to assist with furthering the development of the mountain bike park. This approved funding is to construct the Shawn Flow trail, an advanced trail for experienced riders, thereby increasing the park's attractiveness to a broader range of bikers.

Film (Project 2) **$12,000**

Cheslatta Carrier Nation

The purpose of this project is to produce a 90-minute documentary about the struggles for economic and social survival and development of the Cheslatta Carrier Nation and the Burns Lake Band. This partnership is made up of Cheslatta Carrier First Nations, Social Sciences and Humanities Council of Canada (SSHCC), UBC (in-kind), and NKDF. The amount of $12,000 is for the second part of the project.

Chief Louie Paddle Company **$95,000**

Cheslatta Carrier Nation

This is a Cheslatta Carrier Nation (CCN) research and development initiative with a main goal of determining the market feasibility of Chief Louie Paddle Company. During the 2007-2008 fiscal Cheslatta Carrier Nation received a Western Diversification (CEDI) grant to explore opportunities for harvesting, processing and marketing the waterwood (timber recovered from the Nechako Reservoir) and beetle kill timber, as well as to address infrastructure deficiencies. To date, CCN has successfully started to produce paddles and a growing line of craft and gift items, including functional paddles, promotional sizes (from 12" to 36"), spirit feathers, drum frames, carved canoes and key fobs. The purpose of this feasibility phase of the project is to perfect and streamline the current product line, develop and add new viable products, as well as to design and implement a marketing strategy.

Growing for Our Future **$34,086**

Eagle Creek Recreation Commission

The Lakes District Fall Fair grounds are home to the annual agriculture fair, which has been ongoing for more than 60 years. LDFFA demonstrates a high standard of community leadership. In 2008-09 NKDF provided funding assistance to build the horse barn and upgrade the exhibit hall. In 2009, NKDF provided funding to assist with upgrades to the exhibit hall, the horse barn, the washroom, and construction of a first aid / office building. This funding (2010) approval was for assistance with upgrades to the PERKA building, used for the Fall Fair Exhibition and RV storage, the drilling of a new well, and electrical upgrades to the Children's Festival area. Beneficiaries of this project are the residents of the Lakes District, including the many events taking place on the fair grounds, bringing opportunities to attract visitors and expenditures to the area.

Hall Modernization **$39,970**

Francois Tchesinkut Recreation Commission

Francois Tchesinkut Recreation Commission, the administrator for the Francois Lake Hall, plans to complete much needed upgrades to the Hall, which was built in 1916 and hasn't had much attention since. NKDF approved funding in the amount of $34,970 for the upgrades to the kitchen facility.

Memorial Ball Park Restoration **$6,202**

Key'ikh Wela'ats'in'ekh Society

The Dennis Alec Memorial Ball Field is located on the Woyenne Reserve in Burns Lake, BC, home of the Lake Babine Nation. The Ball Field was built for the community in 1994 by local community members, and includes a fence, bleachers, dugouts, concession, announcer's booth and bathrooms. Over time the ball field has deteriorated and become an unsafe environment for youth and community members. Key'ikh Wela'ats'in'ekh Society has been approved in the amount of $25,510 to assist with upgrading the ball field to increase usability and make it a safer facility, including construction of a concession stand and bathrooms, bleachers, and an announcer's booth.

Baker Airport Terminal Building **$100,000**

Lakes District Airport Society

Lakes District Airport Society (LDAS) is constructing a 2,500 sq. ft. terminal building at the Baker Airport. The airport, located 20km west of Burns Lake, currently has no heated facility for visitors or medical staff. LDAS plans to operate and maintain the building via meeting room rentals, membership increases, cafeteria lease and office rental. The terminal building and the planned increase in service are necessary parts of the Lakes District efforts to combat the impacts of the mountain pine beetle infestation by diversifying the economy.

Artisan Centre Feasibility **$2,500**

Lakes District Arts Council

Lakes District Arts Council (LDAC) was approved for funding assistance to hire a consultant to determine the possibility for creating an Artisan Centre in Burns Lake. If it goes ahead, the Centre will be a place for visual artists to collectively pool their knowledge and resources while

accessing retail markets. A space where local quilters, painters, print-makers, scrapbookers, photographers, potters, sculptors, woodworkers, and textile artists can showcase their products for the purpose of cultural tourism, education and revenue. LDAC plans to hire a consultant for a period of 12 weeks to carry out the research to determine the feasibility of the Artisan Centre.

Beacon Theatre Retrofit **$10,850**

Lakes District Film Society

Lakes District Film Society (LDFS) was formed in 2009 to support presentation, appreciation, and production of film in the Lakes District. Currently at 92 members, the Society has purchased the Beacon Theatre and proceeded to tackle a number of upgrades to the facility, including replacing 3 furnaces, installation of a POS system, purchasing a computer system, purchase and installation of a Satellite system, and purchase of a security system.

Community Signs **$15,000**

Lakes Economic Development Association

Lakes Economic Development Association is approved for funding to assist the downtown Burns Lake revitalization project, comprised of creating and replacing the easterly and westerly "Welcome to Burns Lake" community signs, as well as adding a 3rd entrance sign south of town.

Biathlon Range **$44,100**

Omineca Ski Club

Omineca Ski Club was founded in 1927 and has enjoyed growth and many successes leading up to today. The Jean Paulson Lodge was built in 2005, with a potential occupancy of 150. Omineca Ski Club is building on existing assets to construct a biathlon range to BC Biathlon standards, as well as purchasing the equipment needed for the Club to host regional competitions. This project is funded in partnership by NKDF, Burns Lake Community Forest, and the Omineca Ski Club.

Kinette Park Revitalization **$20,000**

Regional District of Bulkley Nechako

Regional District of Bulkley Nechako was approved for a grant in the amount of $20,000 for the purpose of revitalizing Kinette Park, located in Burns Lake. The revitalization project includes: a new entrance, paved handicap stalls, pathways of paving stone, park benches, picnic table, accessible play stations for ages 1 to 12, accessible soft surfacing and landscaping.

Pager Repeater System **$28,004**

Regional District of Bulkley Nechako

Regional District of Bulkley Nechako was approved for funding assistance to install a Pager Repeater System to serve the Southside area. The project consists of upgrading the Mount Verdun Repeater Tower, clearing trail and site near Danskin, installation of an 18 to 20 meter repeater tower at the Danskin site, constructing a small equipment storage building, installing solar power at the Danskin site, and purchasing 12 pagers for the Southside Volunteer Fire Department. The Danskin tower is necessary to boost the reception and pager coverage across the entire protection area and link the pager service to the 9-1-1 service.

Tourist Attraction **$4,000**

Regional District of Bulkley Nechako

Regional District of Bulkley Nechako is approved for funding to assist with completing a business/resident/tourism attraction project. This project will include: updating and enhancing the Asset Mapping database, translating various pages on the business development section of the website, and preparing business information for inclusion in the RDBN Mining Web Portal.

Southside Nature Path **$1,860**

Southside Economic Development Association

In January 2006, Southside Economic Development Association (SEDA) received a grant from NKDF to assist with development of the SEDA Centre, which entailed making improvements to a property adjacent to the Ferry terminal at Southside. The group then proceeded to build a 220m pathway, half of which is wheelchair accessible. SEDA is now approved for funding to assist with research, creating an interpretive plant inventory with info and photos of all existing plants, constructing and erecting interpretive signage (60-80 individual markers, 2 8'x4 signs, double sided, and creation of a brochure.

Emergency Generator **$44,600**

Southside Health & Wellness Centre

Southside residents experience numerous power failures each year, causing interruptions to the delivery of services. The installation of an emergency backup generator, located at the Health Centre, will benefit all community residents by allowing for the continuous delivery of much needed health services, even if there are delays in getting back onto the Hydro grid. This project consists of purchasing and installing an emergency backup power generator at the Southside Health & Wellness Centre. This project is funded in partnership by NKDF, Southside Health & Wellness Centre, and Rio Tinto Alcan Inc.

Independent Housing **$35,000**

Southside Seniors Housing Society

Southside Seniors Housing Society is building a seniors housing facility at Hospital Point. NKDF funds are to assist with hiring professionals to produce a geotechnical, and topographical survey of the land. They plan to use the funds to subdivide the land, and for legal and professional fees associated with the permission to enter agreement, property sale and land transfer.

Bio-Energy Pilot **$23,875**

Village of Burns Lake

This project was conceived by stakeholders of the Burns Lake Energy Forum. Village of Burns Lake has established a MOU with several groups under the heading of Burns Lake Energy Working Group. The purpose of the project is to develop a community heating system that will utilize local wood supplies. The project is comprised of 3 main stages: 1) Feasibility, 2) Detailed Engineering, Design & Governance, and 3) Construction. NKDF funding is approved to assist with the Detailed Engineering, Design & Governance portion of the project.

Arena Upgrades **$43,926**

Village of Burns Lake – Regional District of Bulkley Nechako

This proposal arises from a feasibility analysis that was completed to determine which improvements are needed to the Tom Forsyth Memorial Arena, and prioritize those improvements. The Arena caters to at least 15 user groups, is host to 14 winter tournaments and 3 summer events – each event attracts approximately 160 visitors to the community. NKDF approved funding to assist with improvements to the arena according to the priorities identified in the feasibility study.

5.4 Kitamaat Projects

Kitamaat Village Beautification **$23,000**

Kitamaat Village Council

Kitamaat Village Council was approved for funds to assist with a two-part project in Kitamaat Village, which is to build 4 bus shelters and a grave digging shed at the grave yard. The project will employ Haisla members to build the shelters.

Haisla Admin Building Paving & Landscaping **$79,876**

Kitamaat Village Council

In 2008, Kitamaat Village Council (KVC) invested $2.3 million in construction of a much-needed administration building. This approval was to provide funding assistance with paving the parking lot and installation of a side walk, a welcome sign and landscaping around the admin building.

Haisla Tourism **$61,938**

Kitamaat Village Council

Kitamaat Village Council plans to build a tourism business using strategic assets and strengths - traditional territory, Kowesas Lodge and cabins, and the Haisla Nation boat. The goals of this project are: to prepare the Haisla Nation to transport tourism traffic, make improvements to Kowesas Lodge, interest Haisla band members in working in the tourism industry, to develop training and coaching packages for workers, to test different tourism packages, to fine-tune the tourism offering and, after a suitable period of testing, to implement the business plan. This project is funded in partnership with NKDF, Kitamaat Village Council, and Coast Sustainability Trust.

Heritage Corridor **$56,921**

Kitamaat Village Council

In 2008 Kitamaat Village Council initiated the Haisla Tourism project and conducted tests of tourism products/services to take advantage of Haisla traditional territories, mainly in the Kitlope area. This project consists of the development of a "corridor" throughout Kitamaat Village that highlights tourist assets (actual and future) such as a community garden, community green house, community smoke house, and the Haisla Art Gallery (Haisla School). The Tourism

Corridor will provide an opportunity for visitors to discover the culture, heritage and traditions of the Haisla Nation. The main goal of the project is to involve Haisla people and provide jobs and economic spin-offs for the community.

Recreation Centre Retrofit **$100,000**

Kitamaat Village Council

Kitamaat Village Council will use this funding to assist with making improvements to the Recreation Centre, including replacement of the boiler, repairs to the kitchen, upgrading the washrooms, putting down new flooring in the main entrance, and enhancement of the main entrance. Built 35 years ago, the recreation building is a main hub of activities in the Village, used as a gymnasium for the school, by the elders walking club, basketball tournaments, workshops, feast hall and other cultural gatherings such as Gathering of Nations, weddings, and community meetings. The purpose of this retrofit is to reduce fuel costs and conserve the amount of energy required to keep it functional.

Soccer Field **$80,000**

Kitamaat Village Council

Kitamaat Village Council is approved for funding assistance to make improvements to the soccer field, including refurbishing the changing room, replacing the existing wood fence, levelling the ground and installing new bleachers. The field is used for soccer, lacrosse, football, and track and field, as well as a number of celebratory events, including the Music and Friend Music Festival.

5.5 Regional Projects

New Crop Trials **$8,000**

BC Forage Council

The BC Forage Council is a non-profit society funded by memberships and is the lead agency in BC for testing improved forage crops. This project will test forage varieties between 2008 and 2011 with the intention of increasing crop yield and profitability for Nechako area farmers and ranchers. Other funding partners include Nechako Area Livestock Producers and Fort Fraser Livestock (Horn) Fund.

Enterprising Artisans **$56,250**

Community Futures of Nadina

This project is a partnership led by Community Futures of Nadina and including Cheslatta Carrier Nation, and Rio Tinto Alcan. Representatives from each partner will manage the project, which will draw on resources from a broader range of stakeholders and serve a broader group of participants, including First Nations groups both in and outside the NKDF investment area. The purpose of this project is to bring together artisans along the western corridor, create a brand, increase the profile of local artisans, and build a marketing and distribution system, including an online portal.

Murray Ridge Ski Hill Redevelopment **$40,000**

Fort St. James Ski Club

In partnership with the District of Fort St. James, the Fort St. James Ski Club has created a Redevelop Plan to upgrade the Murray Ridge Ski Hill. NKDF approved this project for an amount of $40,000 to assist with the well and water system, marketing, purchase of a groomer and a radio system. Funding partners for this project include the Towns for Tomorrow Program, District of Fort St. James, and Murray Ridge Ski Hill.

Last Mile Internet **$25,000**

Fraser Lake & District Rebroadcasting Society

The purpose of this project is to develop communications infrastructure by installing telecommunication equipment needed to provide high speed Internet access to Fort Fraser and surrounding area. Fort Fraser Ambulance Society and East Francois Lake Volunteer Fire/Rescue were awarded Last-Mile Community Networking Infrastructure Grants by the Ministry of Labour and Citizens' Services. Project benefits include: increased communication for emergency services, increased participation in economic development opportunities, easier for local businesses to operate, increased ability for professionals to telecommute, better access to distance education, and increased interrelations between communities.

Grassroots Development Project **$10,000**

Nechako-Kitamaat Development Fund Society

The purpose of the Grassroots Economic Development Opportunities Fund is to enable NKDF to facilitate project development at the community level while leveraging funding from outside the investment area. The idea behind this concept is to have funds available to assist constituents or applicants to turn their project ideas into living projects. Administered by the NKDF Manager, the Grassroots Development funding is to assist applicants with locating potential funding agencies for projects and broader economic development related projects such as making training available that might not otherwise be offered in the communities in the NKDF investment area.

Sign Installation **$7,802**

Upper Nechako Wilderness Council

Upper Nechako Wilderness Council is a registered Society whose members are lodges and resorts throughout the area south of Vanderhoof. UNWC members have joined forces for the purpose of marketing, promoting tourism and attracting investment. Last year, with funding assistance from RDBC and WED (CEDI), UNWC created a marketing strategy. UNWC has been approved for funding assistance with installing signage throughout the Upper Nechako region.

Financial Highlights at March 31, 2011

2010-2011 Income and Expenses	Budgeted	Actual
Administration Expenses	$80,700	$79,491
Grant Payments	$1,350,457	$502,515
Investment Income	$33,399	$71,499

Note to administration expenses: Manager Fees were $53,388, Director Honoraria totalled $8,962. Travel and Meeting Costs were $4,759 and the balance of $14,352 was for Accounting, Advertising and Office Expenses.

Note to grant payments: The variance between the budgeted and actual is due to a number of project extensions, and to a number of approved projects that were not yet contracted at the fiscal year end.

Note to grants: The Society approved a total of $547,043 in new grants for the year.

Note to investment income: NHDF investments are held at Integris Credit Union in Vanderhoof and with Phillips Hager and North (PHN).

Account Balances as of March 31, 2011	Assets	Liabilities
Cash and Term Deposits	$475,231	
Short Term Investments	1,231,329	
Accrued Interest & Receivables	2,997	
Total Assets	1,709,557	
Less Grant Commitments Outstanding		[illegible]
Total NHDF Assets Less Grant Commitments		$1,052,631

Combined assets: The balance of the original $15 million dollar contributions from Alcan and the BC Government are held in the Northern Development Fund, managed by the British Columbia Investment Management Corporation. The market value of this investment account as of March 31, 2011 was $14,748,387, so the combined assets of the NHDF and the Northern Development Fund total $16,456,170.

Annual Audit: The annual audit of the NHDF was completed in May 2011 by Edmison-Mehr Chartered Accountants (Smithers). The statements are attached as Appendix A.

Appendix A: Audited Financial Statements